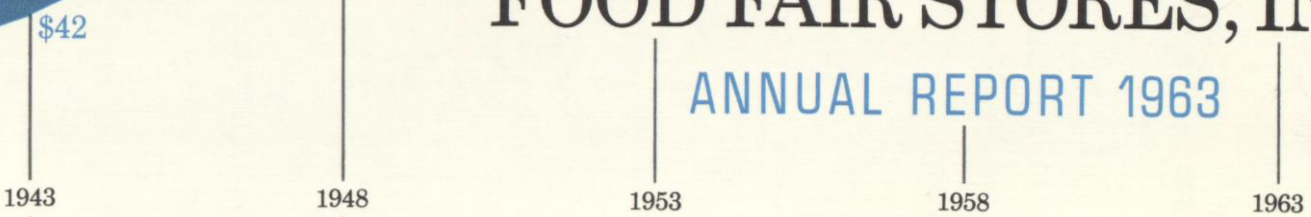


SALES IN MILLIONS



FOOD FAIR STORES, INC.

ANNUAL REPORT 1963

ANNUAL REPORT 1963

FOOD FAIR STORES, INC.

For the fiscal year ended April 27, 1963

THE YEAR IN BRIEF

	FISCAL YEAR (52 WEEKS)	
	1963	1962
SALES	\$1,003,344,200	\$923,224,116
NET INCOME	\$ 10,370,147	\$ 11,055,521
NET INCOME PER DOLLAR OF SALES	1.03%	1.20%
NET INCOME PER SHARE OF COMMON STOCK*	\$1.46	\$1.55
DIVIDENDS PAID IN CASH:		
PREFERRED STOCK	\$ 214,599	\$ 218,148
COMMON STOCK	\$ 6,284,907	\$ 6,061,238
EARNINGS RETAINED IN THE BUSINESS	\$ 3,870,641	\$ 4,776,135
CURRENT ASSETS	\$ 124,490,119	\$104,216,189
CURRENT LIABILITIES	\$ 61,842,545	\$ 50,725,630
WORKING CAPITAL	\$ 62,647,574	\$ 53,490,559
NUMBER OF SUPERMARKETS	506	465
NUMBER OF DISCOUNT DEPARTMENT STORES	45	39

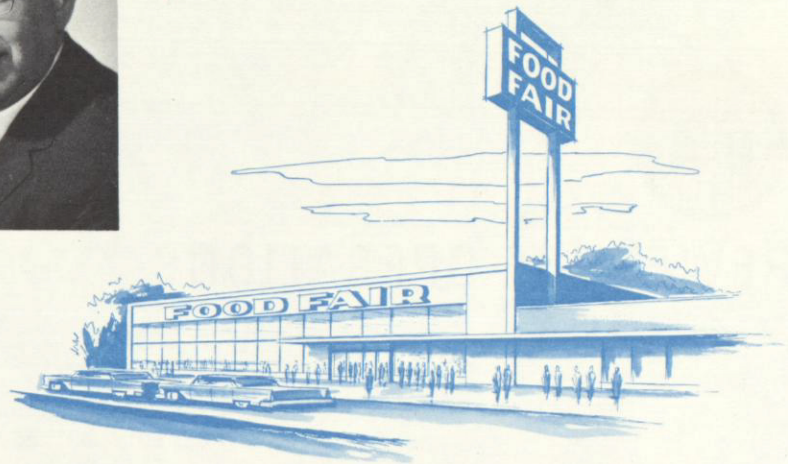
** Based on shares outstanding at April 27, 1963*



Samuel Friedland



Louis Stein



To the Shareholders of Food Fair Stores, Inc.

Of the many thousands of retail corporations in the United States, only eight have annual sales in excess of one billion dollars. In the fiscal year ended April 27, 1963, Food Fair Stores, Inc., became the ninth member of this exclusive group.

Our volume of \$1,003,344,200 was a gain of 8.7% over the previous year. It was the thirtieth consecutive year in which Food Fair bettered the record sales of the year before. In 10 years since 1953, the Company has almost tripled in size to become fifth largest among the nation's grocery chains.

Our recent rate of expansion has been exceptional, even for Food Fair. We have added during the past two years 104 new supermarkets, one-fifth of the total of 506 in operation at the year end. We have acquired and enlarged the discount department store chain of J. M. Fields, now totaling 46 units. Of importance to shareholders, no equity financing has been required in this growth.

And we continue to grow. Controlling interest in the reorganized Fox Markets, Inc. was acquired on June 13th with the result that Food Fair now operates 39 units in the important West Coast marketing area. Fox initially should develop sales of around \$75 million a year and additional expansion is planned in this area.

The long-range benefits of Food Fair's policy of rapid expansion are implicit in the Company's record over the years. In the

short term, Food Fair has had to absorb record high store opening and promotion costs which have affected earnings, especially during the past two years. As a result of such start-up costs, along with those arising from intense competition, Food Fair's earnings for the past fiscal year were lower than those of the year before.

In the future we expect the operation of our many new stores to pay off in improved earnings as these stores become established. Meanwhile, your management will continue to augment its efforts in the never-ending process of streamlining operations, finding new approaches to improved efficiency.

During fiscal 1964, we expect to build 25 supermarkets and 10 discount department stores, which will represent a growth rate under that of the past two years. In addition, approximately 35 older stores will be remodeled to increase their competitive effectiveness and improve their efficiency. In our progress this year, as in our past accomplishments, we shall depend greatly on the contributions of our employes. Now, as always, "people make the difference."

Our thanks go to these men and women and to our shareholders for their continuing support and cooperation.

Sincerely,

July 26, 1963

Samuel Friedland
Chairman of the Board

Louis Stein
President



REVIEW OF OPERATIONS

Food Fair's entry into the exclusive Billion Dollar Club was anticipated 10 years ago when the Company substantially accelerated its already ambitious expansion program. In the past decade, Food Fair's rate of growth has been more than four times that of the retail food industry or of the national economy. Today, Food Fair is three times the size it was in 1953.

At the fiscal 1963 year-end, the 551 units in operation were 2.84 times the 194 units of 1953.

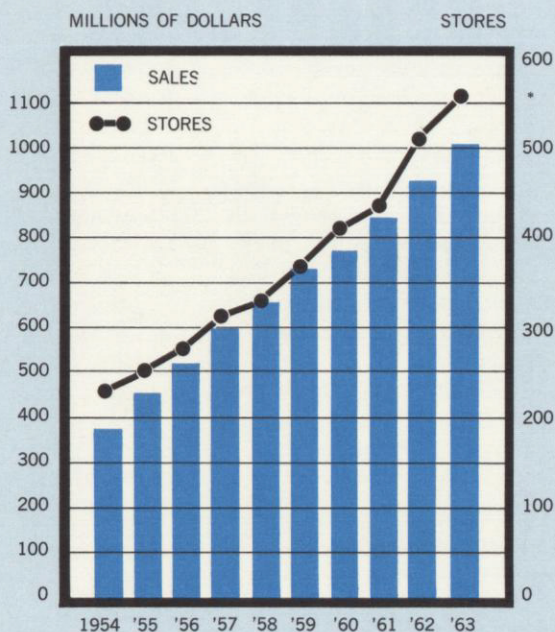
Consolidated sales of \$1,003,344,000 achieved in the past year were 3.15 times 1953's \$318,081,000.

Net income of \$10,370,000 in fiscal 1963 was 2.16 times the \$4,813,000 earned in the earlier fiscal year.

And cash dividends of \$6,500,000 paid to shareholders in fiscal 1963 were 3.07 times the \$2,118,000 paid out in 1953.

Such growth has carried Food Fair into the ranks of America's greatest corporations in the relatively short span since the Company was incorporated in 1935. The newest member of the Billion Dollar Club, Food Fair holds the distinction of being the youngest as well.

SALES AND NUMBER OF STORES



*Includes 45 J. M. Fields discount department stores in 1963 and 39 in 1962.

SALES AND EARNINGS

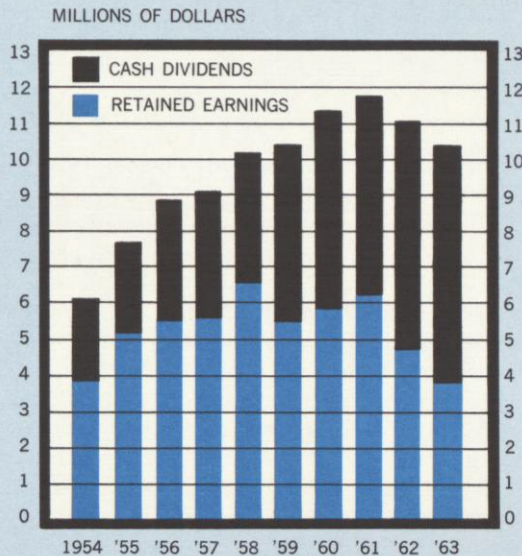
For the 52-week fiscal year ended April 27, 1963, Food Fair's sales were \$1,003,344,200. This compared with \$923,224,116 in the preceding 52-week period, and represented an increase of 8.7%.

Consolidated net income after all charges, but before taxes on income, amounted to \$19,831,813 in the latest fiscal year. Net income after taxes was \$10,370,147. This is equal to \$1.46 per share, after preferred dividend requirements, on the 6,970,901 common shares outstanding. For the preceding fiscal year, pre-tax income was \$21,484,374, while net income was \$11,055,521. The latter was equal to \$1.55 a share, after preferred dividends, on the same share basis.

As in the previous year, fiscal 1963 earnings were affected by heavy store opening costs associated with the Company's record rate of expansion and by extraordinary promotional costs due to competitive conditions.

Store opening costs in the current year should be below the level of the past two years. Future operating results should benefit from the continuing efforts at improving efficiency in all areas, together with the expected contribution from recently opened stores.

DISTRIBUTION OF NET EARNINGS





REVIEW OF OPERATIONS

DIVIDENDS

Regular quarterly dividends of \$1.05 per share on the preferred stock and 22½ cents per share on the common stock were paid during the latest fiscal year. Total dividend payments on the preferred and common stocks for the year reached a new high of \$6,499,506, compared with \$6,279,386 the previous year. There remained of the year's earnings \$3,870,641 which was reinvested in the business. At year-end, the Company's shareholders numbered 18,607.

FINANCIAL POSITION

Food Fair closed the year in excellent financial condition. Working capital at the year-end totaled \$62,647,574, compared with \$53,490,559 a year earlier. The Company's net worth increased during the year to \$93,481,286 from \$90,561,866 the year before.

At April 27, 1963, there were 6,970,901 shares of common stock outstanding, after deducting 39,700 shares held in the Company's treasury. During the fiscal year, 7,688 shares of common stock were issued, due mainly to the exercise of options by employees. During the year, the Company retired 2,020 shares of preferred stock in fulfilling its sinking fund obligation.

EXPANSION PROGRAM

During fiscal 1963, Food Fair opened 48 supermarkets and six J. M. Fields units. Added to 44 supermarkets and six J. M. Fields stores opened the year before, this brought the total for 24 months to 104 units, by far the largest expansion program in Food Fair's history. At the fiscal year-end, your Company was operating 500 supermarkets in 10 Eastern states, six food departments on the West Coast, and 45 discount department stores.

In the current fiscal year, plans call for the opening of approximately 25 new supermarkets, down from the pace of last year, and 10 Fields units. Of importance also will be a remodeling program involving about 35 of the Company's older supermarkets. Modernization of these units will increase their efficiency and equip them to realize greater sales volume.

ERRATUM

Chart on Page 5, Distribution of Income,
should read:

.06 — *For Cash Dividends*

.10 — *Federal, State & Local Taxes*

DISTRIBUTION OF INCOME FOR EACH \$10 OF SALES



\$8.13

*For Merchandise
Purchased from
Producers, Proces-
sors and Other Sup-
pliers*

\$1.67

*For Wages, Rent and Other Op-
erational Expenses*

.10

For Cash Dividends

.04

Reinvested in the Business

.06

*Federal, State & Local
Taxes*

FOX MARKETS, INC.

In early June, 1963, Food Fair acquired effective control of the reorganized Fox Markets, Inc. as that West Coast supermarket and drug chain was returned to private ownership. Food Fair had assisted the Court in the management of Fox since March, 1961, when the company began proceedings for reorganization under Chapter XI and later under Chapter X of the Bankruptcy Act.

Under the reorganization plan, Food Fair acquired all of Fox's new convertible preferred stock which is convertible into 65% of the outstanding common stock of Fox.

Of the eight members comprising the board of directors of the reorganized company, six have been designated by Food Fair. Arthur Rosenberg, Senior Vice President of Food Fair, was elected President of Fox Markets, Inc.

Fox now operates 28 supermarkets and five drug stores in Southern California and Nevada, as well as six food markets in discount centers formerly operated by Food Fair and turned over to Fox under the agreement. An expansion program is planned in this area.



REVIEW OF OPERATIONS

Sound-proof room for TV, radio, and record player demonstrations exemplifies J. M. Fields merchandising effort to emphasize quality of goods and services offered consumers at discount prices.



DISCOUNT DEPARTMENT STORES

The growth of the J. M. Fields division during the fiscal year continued and at the year-end the chain comprised 45 discount department stores—six more than the year before. Another unit was added in May. Plans this year call for the completion of 10 new units, each averaging approximately 100,000 square feet in area. Many of these will contain food departments, adding approximately 20,000 square feet to these units.

It is Food Fair's opinion that discount department stores, soundly conceived, planned and operated, will prove an increasingly potent factor in retailing in the years ahead. As mass distribution techniques become more important in general merchandising, J. M. Fields will benefit accordingly.

New J. M. Fields units contain approximately 120 departments which offer widest variety of merchandise to fill all family and home needs. For greater efficiency, self-service system predominates.



RESEARCH FOR PROGRESS

How do you go about improving supermarkets? At Food Fair Stores, continuous programs are conducted in a never-ending drive for greater efficiency and improved effectiveness of facilities, merchandising techniques and personnel. Such efforts range from cooperative programs in merchandising research conducted with suppliers, through engineering programs aimed at achieving the ultimate in store layout and design. One major research program is aimed at establishing optimum store staffing and scheduling practices. A continuing consumer research program helps Food Fair to ascertain and meet customers' needs and wants. Similarly, intensive research and analysis underlie each decision on new store locations and on modernization of existing older units. Other programs include studies of the allocation of supermarket shelf space to achieve highest sales per square foot.

In all these and similar efforts, Food Fair pursues two primary objectives: to operate more economically and to improve the Company's profitability. The advancement of these objectives will receive even more concentrated attention in the year ahead.



Colorful fresh produce displays, bountifully heaped, greet the shopper entering a typical Food Fair market. Such departments radiate effective "buy-appeal".



REVIEW OF OPERATIONS

Materials handling methods are a prime subject of study, both within supermarkets themselves and in the warehousing and transportation operations. Food Fair has been instrumental in the design of equipment for moving and storing goods on their way from the processor to the ultimate consumer.

The problem of data processing has also received attention. Food Fair recognized early the potential benefits of electronic data processing, installing its first computer in 1958. At the present time, a new and larger computer is being phased into operation with sufficient capacity and flexibility to meet the Company's data processing needs for the foreseeable future. Under development are plans for the more sophisticated use of computers as a practical management tool in many areas. These and similar steps are expected to yield cost savings which should improve profit margins.

FOOD FAIR PEOPLE

Of all the responsibilities of corporate management, none is more important than the vitality of management itself. Implicit in the success of any corporation are first, adequate means to assure a continued flow of management talent and, second, the flexibility necessary to meet inevitable change.

Throughout its history of rapid expansion, Food Fair has had to develop more than the normal quota of managerial talent. It has instituted programs for spotting among its people likely candidates for managerial responsibilities. It has evolved the necessary training techniques to put this talent to use. When necessary, it has been able to attract high calibre personnel from outside.

The Company has also changed its managerial format from time to time in response to operating needs. Thus, Food Fair decentralized its divisions and branches as it grew. Last year, in a move to focus greater operating responsibility at decentralized levels, there were established two Regional Directors of Operations and a Director of Food Discount Operations.

In addition to long standing management training and review programs, the Company last year conducted a series of workshops at the branch level. These workshops provided an opportunity for merchandisers and store managers to share experience in the effective use of time, employ training procedures, customer relations and other operational problems.

FOOD FAIR STORES FOUNDATION

A few months ago, the Company observed the tenth anniversary of the Food Fair Stores Foundation.

Ranking high among the endeavors of the Foundation is a program to provide financial support in the field of higher education. This endeavor expresses the Company's sense of responsibility toward providing our nation and communities with the academically disciplined youth who will, in the future, assume the leadership roles vital to the welfare of our democratic society. Through the Foundation's resources, an extensive scholarship program is maintained at 28 universities and colleges in states where Food Fair stores are located.

For the forthcoming academic year, 245 scholarships will be provided deserving students. Recipients of scholarships are selected by the educational institutions from among qualified children of Food Fair employes, and high school graduates in communities served by the Company's stores. The Foundation also provides support to private college associations.



FOCUS ON PERFORMANCE

Food Fair has always regarded the Company's co-workers as its major asset. Through the years, a variety of incentive programs have served to encourage greater efforts, to stimulate self-development, and to provide recognition to employes for outstanding on-the-job performance contributing to the Company's progress.

Highlighting this effort during the past year was the "E" Award (Effectiveness) Program through which outstanding employes at all levels are nominated for "E" citations and prizes. It is worthy of note that more than 3,000 individual co-workers and group "teams" were nominated in this year-long, Company-wide program which was keyed to the theme: Teamwork for Effectiveness. Of the 300 finalists selected for awards, the seven shown here received the Company's highest commendation.



Joseph Cirillo
Grocery Manager



Meyer Greenberg
Produce Merchandiser



Charles W. Hofmeister
Grocery Buyer



Rudy Katz
Produce Manager



Bernard Lipskin
Employee Programs Mgr.



Violet Moore
Cashier



Willie Wetherington
Store Manager



REVIEW OF OPERATIONS

OUTLOOK

Food Fair is confident that its know-how and experience will enable it to participate fully in the expanded markets to result from 10 million new family formations expected in the '60s and a population of 210 million by 1970. Retail food sales of approximately \$80 billion by 1970, compared with \$56 billion today, are conservatively estimated. A mass distribution market of even greater proportions is expected in the general merchandise field. The trends which shape the retail market will be the chief architects of Food Fair's expansion plans.

At no time in the Company's history has it been better equipped to meet the broad challenges and opportunities which lie ahead. The record number of new supermarkets opened during the past two years, the progress of the J. M. Fields units, and the expansion on the West Coast provide Food Fair with an unparalleled opportunity to push forward to new performance achievements.

Through continuing emphasis on internal efficiency and relentless pursuit of new and better methods of merchandising, Food Fair management expects that the benefits of this past year's expansion will be clearly reflected in future results.

ANNUAL MEETING

The annual meeting of shareholders of Food Fair Stores, Inc., will be held on Tuesday, August 20, 1963, at 2 P.M., EDT, in the Meeting Room of the Company's new corporate headquarters, 3175 W. Pennsylvania Boulevard, near 30th Street Station, in Philadelphia, Pennsylvania. Shareholders who can conveniently do so are urged to attend this meeting.

Enclosed with this report are a notice of the annual meeting, a proxy, and a proxy statement. Shareholders unable to attend the meeting are respectfully requested to date, sign and return the enclosed proxy in accordance with the instructions appearing on the form. Prompt attention to this matter will assure representation at the meeting.

STATISTICAL SUMMARY

FOOD FAIR STORES, INC. and SUBSIDIARY COMPANIES (all dollar figures are in thousands)

Year Ended	Stores at Year-End	Sales	Net Income Before Taxes on Income	Federal and State Income Taxes	Net Income	Cash Dividends	Earnings Retained
April 27, 1963	551†	\$1,003,344	\$19,832	\$9,462	\$10,370	\$6,500	\$3,870
April 28, 1962	504†	923,224	21,484	10,429	11,055	6,279	4,776
April 29, 1961	437	840,180	23,165	11,300	11,865	5,647	6,218
April 30, 1960	404	771,172	22,521	11,126	11,395	5,528	5,867
May 2, 1959*	368	733,960	20,799	10,403	10,396	4,928	5,468
April 26, 1958	332	654,829	20,035	9,913	10,122	3,529	6,593
April 27, 1957	310	592,460	18,616	9,586	9,030	3,444	5,586
April 28, 1956	275	517,289	17,573	8,650	8,923	3,347	5,576
April 30, 1955	250	443,880	15,924	8,190	7,734	2,565	5,169
May 1, 1954*	230	376,384	13,182	7,121	6,061	2,183	3,878
April 25, 1953	194	318,081	10,626	5,813	4,813	2,118	2,695

* 53 Weeks

† Includes 45 J. M. Fields discount department stores in 1963 and 39 in 1962



Consolidated Statement of

Food Fair Stores, Inc. and Subsidiary Companies

EARNINGS

	For the Year (52 Weeks) Ended	
	<u>April 27, 1963</u>	<u>April 28, 1962</u>
Sales	\$1,003,344,200	\$923,224,116
Cost of sales	<u>815,977,592</u>	<u>752,206,457</u>
Gross profit from sales	\$ 187,366,608	\$171,017,659
Operating expenses	<u>166,428,888</u>	<u>148,957,210</u>
Profit from operations	\$ 20,937,720	\$ 22,060,449
Other income	<u>1,314,850</u>	<u>1,491,468</u>
Profit before interest expense	\$ 22,252,570	\$ 23,551,917
Interest expense	<u>2,420,757</u>	<u>2,067,543</u>
Net income before Federal and State taxes on income	<u>\$ 19,831,813</u>	<u>\$ 21,484,374</u>
Federal and State taxes on income:		
Federal	\$ 8,765,405	\$ 9,751,308
State	<u>696,261</u>	<u>677,545</u>
Total Federal and State taxes on income	<u>\$ 9,461,666</u>	<u>\$ 10,428,853</u>
Net income	<u><u>\$ 10,370,147</u></u>	<u><u>\$ 11,055,521</u></u>

FINANCIAL CONDITION

	<u>April 27, 1963</u>	<u>April 28, 1962</u>
Current assets:		
Cash	\$ 15,249,878	\$ 14,749,401
Marketable securities, at cost	308,857	308,857
Accounts receivable	17,864,279	11,972,957
Inventories, at lower of cost or market	86,007,657	72,062,390
Prepaid expenses	4,545,978	4,088,498
Properties completed and under construction covered by commitments to purchase and lease back	513,470	1,034,086
	<u>\$124,490,119</u>	<u>\$104,216,189</u>
Less: Current liabilities:		
Accounts payable	\$ 37,615,577	\$ 28,140,343
Accrued salaries and expenses	19,411,052	17,260,454
Federal and State income taxes payable (Note 4)	4,815,916	5,324,833
	<u>\$ 61,842,545</u>	<u>\$ 50,725,630</u>
Working capital	\$ 62,647,574	\$ 53,490,559
Other assets:		
Investments, at cost:		
Capital stock, Food Fair Properties, Inc.	4,244,444	4,244,444
Other	2,173,852	3,813,399
Property, plant and equipment, at cost, less allowance for depreciation—1963, \$62,140,888; 1962, \$55,324,837	86,792,301	78,683,530
Miscellaneous other assets	2,774,895	2,453,256
	<u>\$158,633,066</u>	<u>\$142,685,188</u>
Deduct:		
Mortgages and notes payable, due after one year	\$ 18,909,280	\$ 5,961,722
Debentures payable, due after one year (Note 1)	40,237,500	41,578,600
Liability for redemption of trading stamps, less estimated current amount included in accrued expenses	2,100,000	1,900,000
Deferred Federal income taxes (Note 4)	3,905,000	2,683,000
	<u>\$ 65,151,780</u>	<u>\$ 52,123,322</u>
Net assets	\$ 93,481,286	\$ 90,561,866
Derived from:		
Capital stock:		
Preferred (Note 2)	\$ 4,981,500	\$ 5,183,500
Common (Note 3)	7,010,601	7,002,913
Obligation to issue shares of common stock (Note 5)	1,551,000	1,551,000
Capital in excess of par value	36,934,722	36,774,263
Retained earnings (Note 1)	43,920,831	40,050,190
Less: Common stock in treasury, at cost (Note 3)	(917,368)	
	<u>\$ 93,481,286</u>	<u>\$ 90,561,866</u>

Food Fair Stores, Inc.
and Subsidiary Companies

Consolidated Statement of

CAPITAL IN EXCESS OF PAR VALUE

Balance—April 28, 1962	\$36,774,263
Additions:	
Excess of stated value over cost of 2,020 shares of cumulative preferred stock retired	10,464
Excess over par value of proceeds received from issuance of 5,360 shares of common stock through exercise of employees' stock options	97,016
Excess over par value of amount assigned to 2,295 shares of common stock issued pursuant to non-competition agreement	51,925
Excess of conversion price over par value of 33 shares of common stock issued for 4% convertible debentures	<u>1,054</u>
Balance—April 27, 1963	<u>\$36,934,722</u>

Food Fair Stores, Inc.
and Subsidiary Companies

Consolidated Statement of

RETAINED EARNINGS

Balance—April 28, 1962		\$40,050,190
Addition:		
Net income for the year (52 weeks) ended April 27, 1963		<u>10,370,147</u>
		\$50,420,337
Deductions:		
Cash dividends:		
Preferred stock	\$ 214,599	
Common stock	<u>6,284,907</u>	<u>6,499,506</u>
Balance—April 27, 1963		<u>\$43,920,831</u>

Notes to Financial Statements

Note 1

3% debentures, \$3,068,000 (including \$168,000 in current liabilities), due January 1, 1965 require semi-annual sinking fund payments of \$300,000 through July 1, 1964. 3 $\frac{3}{4}$ % debentures, \$16,402,000 (including \$202,000 in current liabilities), due September 1, 1974, require semi-annual sinking fund payments of \$400,000 through March 1, 1969 and \$500,000 thereafter through March 1, 1974.

4% debentures, \$21,137,500, due April 1, 1979, are convertible into common stock at \$32.94 per share through April 1, 1969. These debentures require semi-annual sinking fund payments beginning April 1, 1970 of 5% of the principal amount of the debentures outstanding on April 1, 1969.

The indentures covering the issuance of the debentures described above contain restrictions as to the payment of cash dividends and the redemption of shares of stock of the company. The maximum amount of retained earnings so restricted at April 27, 1963 was \$30,137,092.

Note 2

Preferred stock is \$4.20 cumulative, \$15 par value; 142,615 shares are authorized, of which 77,615 were issued, and 49,815 are outstanding. The company is obligated to set aside \$120,000 semi-annually as a sinking fund for the redemption of the preferred stock, which may be called for this purpose at \$100 per share plus accrued dividends.

Note 3

Common stock is \$1 par value; 10,000,000 shares are authorized, of which 7,010,601 are issued, 39,700 are held in the company's treasury and 6,970,901 are outstanding.

At April 27, 1963, there remained outstanding options granted to certain employees and officers to purchase 261,320 shares of common stock at prices ranging from \$19.10 to \$28.03 per share.

As to 233,820 options, the prices are 85% and 95% of the market price on the dates the options were granted. These options are presently exercisable and expire on November 27, 1963.

As to 27,500 options, the price is the closing market price on

the date the options were authorized (approximately the same on the date of grant). These options are exercisable on a cumulative basis after January 21, 1964 to the extent of 20% per annum to January 21, 1970.

Note 4

The liability for Federal income tax payable is stated net of \$433,000, representing the credit allowable under the Revenue Act of 1962 for investments in certain depreciable property. The company has applied 48% of the credit as a reduction of current Federal income tax expense and has deferred the balance to be amortized over the lives of the properties.

Note 5

In August, 1961, the company acquired certain net assets of Enterprise-J. M. Fields, Inc. for \$40,000 cash and 74,000 shares of common stock, of which 27,000 shares were issued on December 12, 1961 and 23,500 shares were issued on May 22, 1963. The remaining 23,500 shares will be issued in July, 1964.

Note 6

Costs and expenses include depreciation and amortization of \$9,158,057 and \$8,493,822 for the years ended in 1963 and 1962, respectively.

Note 7

The company rents the majority of the premises occupied. At April 27, 1963 the minimum annual rental for such premises under 574 leases expiring more than three years after that date amounted to approximately \$17,300,000 plus, in some instances, certain taxes, insurance and other expenses.

Note 8

On June 13, 1963, the company paid \$3,000,000 on account of the acquisition of all of the new preferred stock of Fox Markets, Inc. The price for such stock is subject to final determination but is not to exceed \$4,000,000. This preferred stock is convertible within three years from the date of issuance into 65% of the outstanding common stock of Fox Markets, Inc.

PHILADELPHIA LEWISTOWN
NEW YORK WILKES-BARRE
HARRISBURG

LAVENTHOL, KREKSTEIN & CO.
Certified Public Accountants

1528 WALNUT STREET
PHILADELPHIA 2, PA.

The Board of Directors
Food Fair Stores, Inc.

We have examined the consolidated statement of financial condition of Food Fair Stores, Inc. and its wholly-owned subsidiary companies at April 27, 1963, and the related consolidated statements of earnings, capital in excess of par value and retained earnings for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition, and consolidated statements of earnings, capital in excess of par value and retained earnings present fairly the consolidated position of the companies at April 27, 1963, and the consolidated results of their operations for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Philadelphia, Pa.
July 5, 1963

Laventhol Krekstein Co.
LAVENTHOL, KREKSTEIN & CO.

OFFICERS AND DIRECTORS

OFFICERS

SAMUEL FRIEDLAND
Chairman of the Board

LOUIS STEIN
President

MYER B. MARCUS
Executive Vice President

ARTHUR ROSENBERG
Senior Vice President

HERMAN R. SILVER
Vice President

JACK M. FRIEDLAND
Vice President

DAVID T. FRIEDLAND
Vice President

ARNOLD D. COHEN
Vice President

SAMUEL P. MANDELL
Vice President

HAROLD FRIEDLAND
Vice President

LOUIS KASOFF
Vice President

HARRY PRIPSTEIN
Vice President

JOSEPH H. RASH
Vice President

B. F. LIEBER
Secretary and Treasurer

SAMUEL FORMAN
Assistant Secretary

HOWARD S. JACOBSEN
Assistant Secretary

DIRECTORS

D. FREDERICK BARTON
Partner, Eastman Dillon, Union Securities & Co.

GEN. OMAR N. BRADLEY
Chairman, Bulova Watch Co.

GEORGE FRIEDLAND
Former Vice Chairman and President

JACK M. FRIEDLAND
Vice President

SAMUEL FRIEDLAND
Chairman of the Board

HESS KLINE
Chairman, George Allen Inc.

SAMUEL P. MANDELL
Vice President

MYER B. MARCUS
Executive Vice President

ARTHUR ROSENBERG
Senior Vice President

HAROLD W. SCOTT
Financial Consultant

HERMAN R. SILVER
Vice President

LOUIS STEIN
President

W. PAUL STILLMAN
Chairman, National State Bank of Newark



EXECUTIVE OFFICES

3175 W. Pennsylvania Blvd.
Philadelphia 4, Pennsylvania

GENERAL COUNSEL

Stein Kripke & Rosen
New York, New York

TRANSFER AGENT

Registrar & Transfer Company
New York, New York

REGISTRAR

Chase Manhattan Bank
New York, New York

CERTIFIED PUBLIC ACCOUNTANTS

Laventhol, Krekstein & Co.
Philadelphia, Pennsylvania

*Food Fair Stores, Inc. preferred stock and common stock
are fully listed on the New York, Pacific Coast,
and Philadelphia-Baltimore Stock Exchanges.*



FOOD FAIR STORES, INC.

PHILADELPHIA 4, PENNSYLVANIA